

Public Perspective on Insurance

A Report to:



June 2003

Fleishman-Hillard Knowledge Solutions
Fleishman-Hillard Inc.

200 North Broadway
St. Louis, MO 63102
314/982-1700

2405 Grand
Kansas City, MO 64108
816/474-9407

TABLE OF CONTENTS

| | <u>Page</u> |
|--------------------------|--------------------|
| Introduction | 1 |
| Detailed Findings | 2 |
| Details of Coverage | 2 |
| Adequacy of Coverage | 4 |
| Appendix | |
| Questionnaire | 6 |

INTRODUCTION

METHOD

The poll was conducted as part of the Caravan telephone omnibus service of ORC International. It is based on telephone interviews conducted June 12-15, 2003, with 1,009 adults in the United States who are 18 years of age and older. Half of the interviews were with women (50%) and half were with men (50%).

The sample of telephone exchanges was based on random digit dialing to permit access to both listed and unlisted numbers. The results have also been weighted to take into account age, gender, race, and geographic region. In theory, the sampling error associated with these results is plus or minus three percentage points at a 95 percent confidence level. This means that if NAIC repeated the survey 100 times, they would see the same results, within plus or minus three percentage points, 95 times out of 100.

DETAILED FINDINGS

DETAILS OF COVERAGE

Most adults are not willing to say they understand the details of their insurance coverage “very well;” only 33% say this.

Adults most frequently claim they understand the details “moderately well” (48%), “not very well” (10%), or acknowledge that they “don’t really understand the details” (6%).

- ◆ The youngest adults (age 18 to 24) are the least likely to understand the details very well (20%)
- ◆ Understanding increases with age among our most experienced citizens (65 years of age or older), about half know their insurance coverage details very well (45%)
- ◆ Women and men gave similar responses on this question (31% “very well” among women, 34% “very well” among men)

Only 3% volunteered that they do not have any insurance coverage at this time.

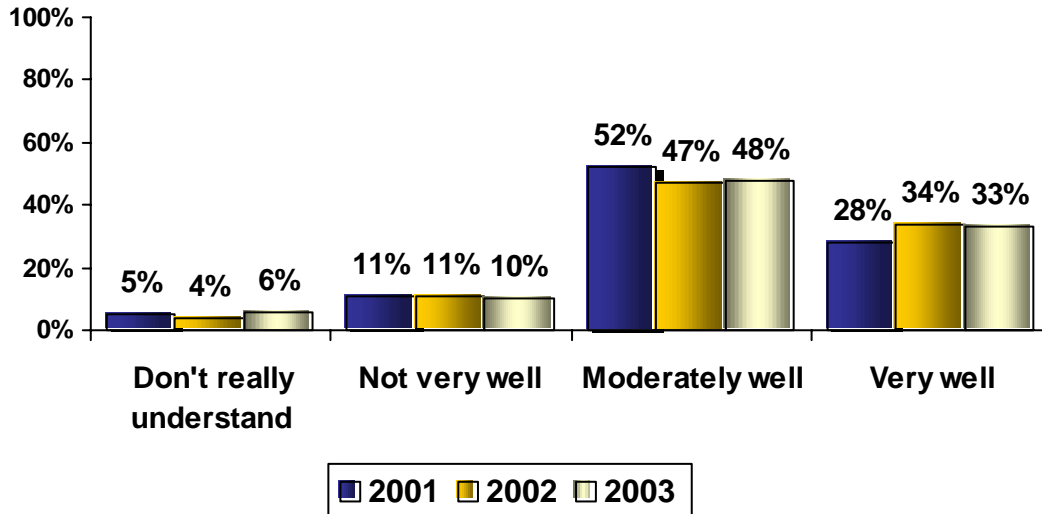
The proportion of “very well” responses in 2003 (33%) remained the same as in 2002 (34%). “Moderately well” also stayed the same as the previous year (48% in 2003 and 47% in 2002).



Observation: Clearly, there is room for continued improvement on how well the public understands the details of its insurance coverage. This is an area where a moderate understanding can lead to major confusion. Young adults are particularly in need of education about the nature of insurance coverage, given their limited life experience and pending lifestyle changes, as they begin family responsibilities.

Understanding Insurance Coverage Details

How well do you understand the details of your insurance coverage? Very well, moderately well, not very well, or do you not really understand the details?



Question asked of 1,021 respondents in 2001; 1,025 respondents in 2002; 1,009 respondents in 2003

Don't have any insurance coverage (volunteered): 3% in 2001; 2% in 2002; 3% in 2003

Don't know/refused: 2% in 2001; 1% in 2002; less than one-half of one percent in 2003

ADEQUACY OF COVERAGE

Less than one-fifth of the public recognizes that they have too little insurance coverage (15%).

Most of the public who have insurance feel they have about the right amount of coverage (72%), while very few sense they may have too much coverage (4%).

Another 9% admit that they are not sure how much coverage they need. The proportion who think they have the right amount has slightly increased since a year ago (72% versus 67%, respectively).

Adequacy of coverage is linked to a household's financial resources:

- ◆ 23% of people in households with less than \$35,000 income feel they have too little coverage
- ◆ This drops to 11% in households with incomes of \$50,000 or more

The people most likely to feel they have the right amount include:

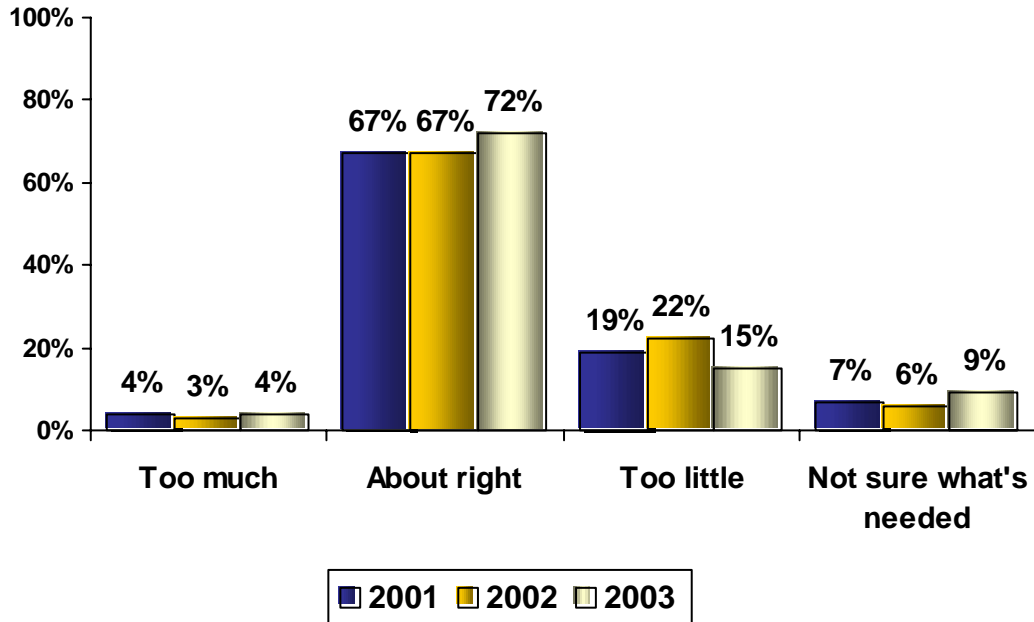
- ◆ Persons who are 65 and older (81%)
- ◆ College graduates (80%)
- ◆ People with household incomes of \$50,000 or more (81%)



Observation: The key to this finding is that so many people are confident they have what they need in terms of insurance coverage, yet relatively few say they know the details of their coverage “very well.” An interesting test would be to ask people what levels of coverage would provide them adequate protection. A second test would be to ask them the specific coverage they have for each type of exposure. Following this exercise, how confident would people be that they have “about the right amount” of coverage?

Adequacy of Coverage

Overall, do you feel that you have too much insurance coverage, about the right amount of coverage, too little coverage, or are you not sure how much insurance coverage you need?



Question asked of 993 respondents in 2001; 1,001 respondents in 2002; 977 in 2003
 Not asked of people volunteering they don't have any insurance coverage
 Don't know/refused: 2% in 2001; 1% in 2002; 1% in 2003

APPENDIX

QUESTIONNAIRE

2003 NAIC Omnibus Questions **6/12-15/03**

The following questions are about the various types of insurance coverage you may have including life, home, auto, health, personal liability, disability, or any other kinds of insurance.

1. How well do you understand the details of your insurance coverage? Very well, moderately well, not very well, or do you not really understand the details?

Based on 1,009 respondents

| | |
|-----|--|
| 33% | VERY WELL |
| 48 | MODERATELY WELL |
| 10 | NOT VERY WELL |
| 6 | DON'T REALLY UNDERSTAND THE DETAILS |
| * | DON'T KNOW/REFUSED |
| 3 | DON'T HAVE ANY INSURANCE COVERAGE—SKIP TO NEXT SECTION |

2. Overall, do you feel that you have too much insurance coverage, about the right amount of coverage, too little coverage, or are you not sure how much insurance coverage you need?

Based on 977 respondents with insurance coverage

| | |
|----|-----------------------------------|
| 4% | TOO MUCH COVERAGE |
| 72 | ABOUT THE RIGHT AMOUNT |
| 15 | TOO LITTLE COVERAGE |
| 9 | NOT SURE HOW MUCH COVERAGE I NEED |
| 1 | DON'T KNOW/REFUSED |

*Less than one-half of one percent.